

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

IN THE MARION CIRCUIT COURT

CAUSE NO. 49C01 08 12 MI 057 1 22

JIM ATTERHOLT, as the Insurance
Commissioner of the Department of Insurance
of the State of Indiana,

Petitioner,

v.

STANDARD LIFE INSURANCE COMPANY
OF INDIANA

Respondent.

FILED

DEC 18 2008

194

Charles L. White
CLERK OF THE MARION CIRCUIT COURT

VERIFIED PETITION FOR REHABILITATION

Jim Atterholt, as the Insurance Commissioner of the Department of Insurance of the State of Indiana, hereby submits this Verified Petition for Rehabilitation ("Rehabilitation Petition") as against Standard Life Insurance Company of Indiana and, in support thereof, states as follows:

I.

BACKGROUND

1. Pursuant to Ind. Code 27-1-1-2, Jim Atterholt is the duly appointed Insurance Commissioner ("Commissioner") of the Department of Insurance of the State of Indiana ("Department").
2. Standard Life Insurance Company of Indiana ("Standard" or the "Company") is an Indiana domestic stock life insurance company.
3. Capital Assurance Corporation ("CAC") is a privately owned holding company that owns 100% of the issued and outstanding shares of capital stock of Standard. CAC has offices in Indianapolis, Indiana, and Prospect, Kentucky.

4. Standard has been under examination by the Commissioner during 2008, in accordance with Ind. Code 27-1-3.1, and pursuant to Appointment Number 3553 ("Examination"). That Examination has revealed multiple troubled assets held in its investment portfolio, which place Standard in hazardous financial condition. On September 10, 2008, Standard notified the Department that it would seek infusion of \$30,000,000 (thirty million dollars) of new capital into the company by a target date of September 30, 2008. That infusion was not made.

5. On September 30, 2008, the Commissioner, determined that Standard was in such condition as to render the continuance of certain of the company's business practices hazardous to the public and to holders of its policyholders or certificates of insurance. The Commissioner entered a confidential Order to Correct Business Practices and of Supervision on that day, which placed Standard under confidential Supervision, pursuant to Ind. Code 27-9-2-1 and 760 IAC 1-53, and ordered it to correct its business practices. Connie Ridinger, Chief Examiner of the Department was appointed as Supervisor. On October 1, 2008, the Commissioner entered a confidential Order Appointing Additional Supervisor. Randolph Lamberjack, of Noble Consulting Services, Inc., was thereby appointed as the additional Supervisor, consistent with the authority granted to the Commissioner under Ind. Code 27-9-2-1(d). On November 25, 2008, the Commissioner entered a confidential Order Extending Period to Correct Business and of Supervision, extending the period of supervision to December 30, 2008.

6. On December 10, 2008, after consultation with the Commissioner, and their own advisors, the board of directors of the Company voluntarily directed that the Company cease writing all new business in all states. This was communicated to the Company's employees on

December 11, 2008. On December 15, 2008, the Commissioner entered a Consent Order to Suspend Writing New Business, in accord with the voluntary action of the board.

7. The Examination and Supervision have confirmed that Standard is in a condition that the further transaction of business would be hazardous, financially, to its policyholders, creditors, or the public. When viewed in light of current economic conditions, Standard's asset portfolio does not have sufficient value, liquidity, or diversity to assure the Company's ability to meet its outstanding obligations as they mature, and in particular elective surrenders, in the absence of Rehabilitation, as further set out below.

8. It is expected at this time that the assets and liabilities of Standard can be managed under Court supervised rehabilitation, to achieve a run-off of the present policyholder obligations. It is therefore anticipated that annuity payments, and other obligations, can be continued without recourse to liquidation, under Court ordered control of surrenders and litigation against the Company. This view may change if the actual condition of the Company's assets differs from present knowledge or deteriorates due to market forces.

9. The Commissioner now believes that it is necessary and appropriate that an Order of Rehabilitation be immediately entered against Standard, pursuant to the authority granted by Ind. Code 27-9-3-1. The Commissioner has given Standard and CAC notice of this proceeding, they have reviewed this Petition and the proposed Order and they have stated that they consent to the entry of such Order, as confirmed on the last page of this Petition.

II. STATUTORY AUTHORITY

10. The Commissioner may apply to the Court for an order of rehabilitation as to a domestic insurer on any one of the grounds listed in Ind. Code 27-9-3-1, which include the following:

- (1) The insurer is in a condition that the further transaction of business would be hazardous, financially, to its policyholders, creditors, or the public.

...

- (12) The board of directors or the holders of a majority of the shares entitled to vote, or a majority of those individuals entitled to the control of those entities, request or consent to rehabilitation under this article.

...

Ind. Code 27-9-3-1.

11. Based upon the information set forth below, the Commissioner respectfully submits that the entry of an Order of Rehabilitation as against Standard is both justified and necessary.

III.

STANDARD IS IN HAZARDOUS FINANCIAL CONDITION

12. Representatives of the Department have met with representatives of Standard and CAC, to discuss Standard's failure to timely infuse necessary additional capital, and the current financial condition of the company. During these discussions, representatives of Standard and CAC have acknowledged the need for additional capital, in an amount of at least \$90,000,000 (ninety million dollars).

13. The existing shareholders of CAC have contributed capital to Standard during 2008 in the amount of \$18,000,000 (eighteen million dollars), in an effort to help correct its financial difficulties. Management has sought, throughout 2008 and most aggressively in recent months, to raise necessary additional capital or pursue business ventures to provide necessary capital and liquidity. Management has met with the Department telephonically or in person on a weekly basis to update on the status of the prospects of a capital infusion. All of these attempts have unfortunately been unsuccessful. All capital sources of existing shareholders have been exhausted. There is therefore no promise or expectation of additional capital infusions from any source, leaving the Company in hazardous financial condition.

14. The business of Standard was the sale of single and multi-pay fixed and deferred annuities. The products are simple in design with maturities of 3, 5, 7 and 10 year holding periods with set interest rates. The basic annuity product is an investment deposit held for a contract term and contractual crediting rate. The sale of annuities has competed in the market place based on basic terms, crediting rate and customer and agent service among its peers. Standard's primary attraction to consumers was a simple product design with a strong crediting rate.

15. The Company started the year with an A.M. Best rating of B++, which is regarded as a secure rating; but was downgraded to a B rating with a negative outlook on November 25, 2008, which is regarded as vulnerable rating. A.M. Best, as an independent rating agency, has been active in its discussions with the Company since September, 2008. A.M. Best advised Standard recently of the immediate need for a capital infusion of at least \$75,000,000 (seventy five million dollars) based on its financial condition as of 9/30/08. The Department and its advisors concurred with this assessment of minimum need; and, based on more recent information, believe Standard is a danger to the public given its current and continued financial deterioration. The Company's 9/30/08 financials are attached hereto as Exhibit A.

16. The Department's concern regarding the financial condition of Standard has also attracted the interests of state regulators on a national basis. The quality of the Company's investment portfolio, which has a high concentration of sub-prime debt is of major concern to the regulatory body at large.

17. Most of the sub-prime investments were acquired since an acquisition and change in management that occurred in 2005. The Securities Valuation Office (SVO) of the National Association of Insurance Commissioners performed an analysis in the 2nd quarter of 2008, which

illustrated that Standard had an unreasonable concentration in sub-prime debt that contributed to material unrealized losses in its portfolio. The Company also invested heavily in Fannie Mae, Freddie Mac, Lehman Brothers and Washington Mutual. Due to the high degree of sub-prime debt and private placement collateral debt obligations, these securities have gone from notable unrealized loss positions to major realized and unrealized losses, capital write downs, and an illiquid portfolio with increasing financial impairments. This is in part due to the Company's investment management strategy of "investment hold;" meaning that the troubled assets were held instead of being sold, in order to avoid realized losses as long as possible. This has kept a high concentration of troubled assets in the portfolio of Standard.

18. The majority of the financial condition statements as follows are based on unaudited financials, as provided by management to the Department as of 10/31/08 (see Exhibit B hereto): The statutory surplus (equity) of the company at 10/31/08 was approximately \$61,000,000 (sixty one million dollars). This surplus number does not reflect unrealized losses as of 10/31/08 of <\$348,000,000> (negative three hundred forty eight million dollars) which would be recognized in mark-to-market or potentially realized in a run on the company. The investment portfolio includes approximately \$67,000,000 (sixty seven million dollars) of collateralized debt obligations, which are private placements and are currently held at book value. The financial condition and portfolio of Standard has significantly deteriorated in 2008. The unrealized market adjustment at 12/31/07 for investments was approximately <\$117,000,000> (negative one hundred seventeen million dollars)>.

19. Based upon all information available to the Commissioner, including additional information obtained during the Examination and Supervision, the Commissioner has concluded that Standard remains in hazardous financial condition; and that such condition both justifies and

requires the entry of an immediate Order of Rehabilitation. The Commissioner respectfully submits that delay could endanger the interests of the policyholders and creditors of the company and the public at large.

20. By filing this Rehabilitation Petition, the Commissioner hereby requests that he, and his successors in office, be immediately appointed as Rehabilitator of Standard, without the necessity of a hearing, and be directed to take possession of the assets of Standard as soon as possible and to administer them under the general supervision of this Court.

21. Given the information currently available, the Commissioner submits that such immediate relief is appropriate to preserve the assets of Standard for the benefit of its insureds, creditors and the public.

22. Should the Court enter an order of Rehabilitation against Standard as requested herein, then pursuant to Ind. Code 27-9-3-2 title to all assets of Standard vest in the Rehabilitator and, in addition thereto, the Rehabilitator:

- (1) has all the powers of the directors, officers, and managers, whose authority shall be suspended, except as they are re-delegated by the rehabilitator;
- (2) may direct, manage, hire and discharge employees subject to any contract rights they may have; and
- (3) may deal with the property and business of the insurer.

Ind. Code 27-9-3-3(e).

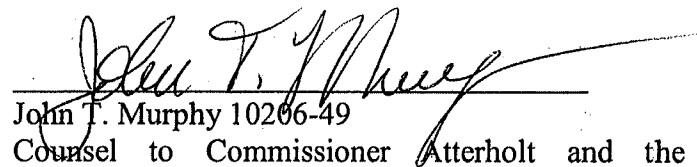
23. The Rehabilitator also has authority to determine if the "reorganization, consolidation, conversion, reinsurance, merger or other transformation of the insurer is appropriate" and, if so, to prepare and submit plans to the Court for its review and approval, after such notice and hearing as the Court may prescribe. Ind. Code 27-9-3-3(g) and (h).

24. Given the serious financial condition of Standard as described above, the Commissioner further requests that an immediate moratorium be imposed upon all loan and cash surrender rights of all Standard policies and certificates of insurance, for a period of six months, in order to give the Rehabilitator sufficient time to evaluate a plan for Standard going forward.

WHEREFORE, the Commissioner respectfully requests that the Court enter an Order in the form attached hereto as Exhibit C which:

- (a) Appoints the Commissioner and his successors in office as the Rehabilitator of Standard, pursuant to Ind. Code 27-9-3, including bestowing upon the Commissioner all authority and powers of a Rehabilitator as provided by such statutes, including but not limited to confirmation that the Rehabilitator:
 - (1) has all the powers of the directors, officers, and managers of Standard, whose authority shall be suspended, except as they are re-delegated by the Rehabilitator;
 - (2) may direct, manage, hire and discharge employees subject to any contract rights they may have;
 - (3) may deal with the property and business of the insurer; and
 - (4) may prosecute any action that exists in behalf of the creditors, members, policyholders or shareholders of Standard against any director or officers of Standard or any other person or entity.
- (b) Directs the Rehabilitator to take possession of the assets of Standard as soon as possible and to administer them under the general supervision of this Court;
- (c) Confirms that the entry of such Order does not constitute an anticipatory breach of any contract of Standard;

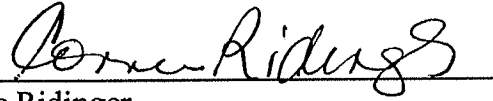
- (d) Requires accountings by the Rehabilitator to this Court at such intervals as the Court may specify;
- (e) Authorizes the Rehabilitator to employ and fix the compensation of the Special Deputies, counsel, clerks and assistants who shall serve at the pleasure of the Rehabilitator, to pay all expenses of taking possession of Standard and other costs and expenses of the administration of this proceeding, and to pay such compensation and other costs and expenses of administration out of the funds or assets of Standard;
- (f) Directs that any court in Indiana before which any action or proceeding in which Standard is a party or is obligated to defend a party is pending, shall stay that action or proceeding for ninety (90) days and for any additional time as is necessary for the Rehabilitator to obtain proper representation and prepare for further proceedings;
- (g) Authorizes the Rehabilitator to take such action respecting pending litigation as he considers necessary in the interest of justice and for the protection of creditors, policyholders and the public and to immediately consider all litigation pending outside Indiana and to petition the courts having jurisdiction over that litigation for stays whenever necessary to protect Standard's estate;
- (h) Imposes an immediate moratorium upon loan and cash surrender rights of all Standard policies and certificates of insurance, for a period of six months from the date of the order; and
- (i) Provides such additional relief as the Court may find to be appropriate.


John T. Murphy 10206-49
Counsel to Commissioner Atterholt and the
Department

ICE MILLER LLP
One American Square
Indianapolis, IN 46282
(317) 236-2292

VERIFICATION

I, Connie Ridinger, Chief Examiner of the Indiana Department of Insurance, affirm under the penalties of perjury that the foregoing representations are true.

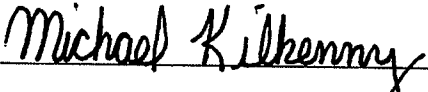
A handwritten signature in cursive script, reading "Connie Ridinger", is written over a horizontal line.

Connie Ridinger
Chief Examiner
Indiana Department of Insurance

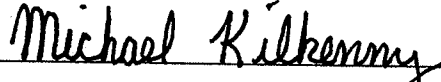
CONSENT

The undersigneds hereby verify that they are empowered and authorized to execute this Consent on behalf of the party for whom they sign and, on behalf of such party, further acknowledge that they have been given prior notice of this proceeding, have reviewed this Confidential and Verified Petition for Rehabilitation and hereby advise the Court that they consent to the entry of the Order of Rehabilitation in the form attached hereto as Exhibit C.

STANDARD LIFE INSURANCE
COMPANY OF INDIANA


Printed: Michael Kilkenney
Title: Interim Chief Executive Officer

CAPITAL ASSURANCE CORPORATION


Printed: Michael Kilkenney
Title: Interim Chief Executive Officer

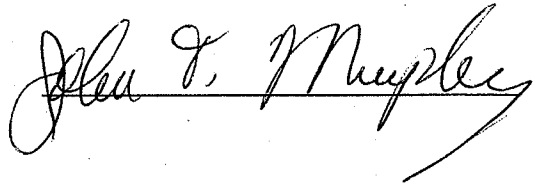
CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing has been deposited in the U.S. Mail, first class postage prepaid, this 18th day of December 2008, addressed to the following:

Brian Burdick
Bart Karwath
Barnes & Thornburg LLP
11 S. Meridian St.
Indianapolis, IN 46204

Jeffrey Bailey
Dan Seitz
Bose McKinney & Evans LLP
111 Monument Circle, Suite 2700
Indianapolis, IN 46204

I/2254503.1

A handwritten signature in dark ink, appearing to read "John F. Murphy", is written over a horizontal line.

ASSETS

	Current Statement Date			4 December 31, Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	1,827,781,063		1,827,781,063	1,792,046,079
2. Stocks:				
2.1 Preferred stocks	56,055,929		56,055,929	71,803,296
2.2 Common stocks	27,500,000		27,500,000	30,492,519
3. Mortgage loans on real estate:				
3.1 First liens				4,488
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances)				
4.2 Properties held for the production of income (less \$.....0 encumbrances)				
4.3 Properties held for sale (less \$.....0 encumbrances)				
5. Cash (\$.....11,486,587), cash equivalents (\$.....0) and short-term investments (\$.....113,365,251)	124,851,838		124,851,838	34,295,800
6. Contract loans (including \$.....0 premium notes)				
7. Other invested assets	33,689,451		33,689,451	28,861,607
8. Receivables for securities	7,762,737		7,762,737	3,068,137
9. Aggregate write-ins for invested assets	599,886		599,886	4,156,874
10. Subtotals, cash and invested assets (Lines 1 to 9)	2,078,240,904		2,078,240,904	1,964,728,800
11. Title plants less \$.....0 charged off (for Title insurers only)				
12. Investment income due and accrued	20,442,601		20,442,601	18,852,092
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	214,917	137,377	77,540	22,012
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums)				
13.3 Accrued retrospective premiums				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	12,455		12,455	88,641
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts	208,196		208,196	377,469
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon	450,135		450,135	1,221,060
16.2 Net deferred tax asset	16,479,000	14,019,000	2,460,000	2,290,000
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software				
19. Furniture and equipment, including health care delivery assets (\$.....0)				
20. Net adjustments in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	1,417,074		1,417,074	1,028,956
22. Health care (\$.....0) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	413,225		413,225	282,622
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	2,117,878,507	14,158,377	2,103,722,130	1,988,891,653
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	2,117,878,507	14,158,377	2,103,722,130	1,988,891,653
DETAILS OF WRITE-INS				
0901. S & P and DJIA Index Options	599,886		599,886	4,156,874
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)	599,886		599,886	4,156,874
2301. Other Amounts Receivable	413,225		413,225	282,622
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	413,225		413,225	282,622

EXHIBIT

A

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for life contracts \$.....795,528,790 less \$.....0 included in Line 6.3 (including \$.....0 Modco Reserve)	795,528,790	878,003,458
2. Aggregate reserve for accident and health contracts (including \$.....0 Modco Reserve)	75,886	88,462
3. Liability for deposit-type contracts (including \$.....0 Modco Reserve)	1,217,011,854	993,232,494
4. Contract claims:		
4.1 Life	210,000	210,000
4.2 Accident and health	2,500	2,500
5. Policyholders' dividends \$.....0 and coupons \$.....0 due and unpaid		
6. Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:		
6.1 Dividends apportioned for payment (including \$.....0 Modco)		
6.2 Dividends not yet apportioned (including \$.....0 Modco)		
6.3 Coupons and similar benefits (including \$.....0 Modco)		
7. Amount provisionally held for deferred dividend policies not included in Line 6		
8. Premiums and annuity considerations for life and accident & health contracts received in advance less \$.....0 discount; including \$.....0 accident and health premiums		
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts		
9.2 Provision for experience rating refunds, including \$.....0 accident and health experience rating refunds		
9.3 Other amounts payable on reinsurance; including \$.....1,890 assumed and \$.....210 ceded	2,100	1,309
9.4 Interest Maintenance Reserve	1,321,613	2,222,525
10. Commissions to agents due or accrued-life and annuity contracts \$.....84,085, accident and health \$.....17 and deposit-type contract funds \$.....1,454,307	1,538,409	903,019
11. Commissions and expense allowances payable on reinsurance assumed		
12. General expenses due or accrued	94,969	475,454
13. Transfers to Separate Accounts due or accrued (net) (including \$.....0 accrued for expense allowances recognized in reserves, net of reinsured allowances)		
14. Taxes, licenses and fees due or accrued, excluding federal income taxes	73,818	73,818
15.1 Current federal and foreign income taxes, including \$.....0 on realized capital gains (losses)		
15.2 Net deferred tax liability		
16. Unearned investment income		
17. Amounts withheld or retained by company as agent or trustee	7,866,466	2,915,733
18. Amounts held for agents' account, including \$.....0 agents' credit balances		
19. Remittances and items not allocated	4,641,006	1,176,782
20. Net adjustment in assets and liabilities due to foreign exchange rates		
21. Liability for benefits for employees and agents if not included above		
22. Borrowed money \$.....0 and interest thereon \$.....0		
23. Dividends to stockholders declared and unpaid		
24. Miscellaneous liabilities:		
24.1 Asset valuation reserve	209,720	3,380,480
24.2 Reinsurance in unauthorized companies		
24.3 Funds held under reinsurance treaties with unauthorized reinsurers		
24.4 Payable to parent, subsidiaries and affiliates		5,760
24.5 Drafts outstanding		
24.6 Liability for amounts held under uninsured plans		
24.7 Funds held under coinsurance		
24.8 Payable for securities	7,044,857	
24.9 Capital notes \$.....0 and interest thereon \$.....0		
25. Aggregate write-ins for liabilities		
26. Total Liabilities excluding Separate Accounts business (Lines 1 to 25)	2,035,621,988	1,882,691,792
27. From Separate Accounts Statement		
28. Total Liabilities (Lines 26 and 27)	2,035,621,988	1,882,691,792
29. Common capital stock	3,054,291	3,054,291
30. Preferred capital stock		
31. Aggregate write-ins for other than special surplus funds		
32. Surplus notes	27,000,000	27,000,000
33. Gross paid in and contributed surplus	60,003,856	42,003,856
34. Aggregate write-ins for special surplus funds		
35. Unassigned funds (surplus)	(21,958,006)	34,141,713
36. Less treasury stock, at cost:		
36.10 shares common (value included in Line 29 \$.....0)		
36.20 shares preferred (value included in Line 30 \$.....0)		
37. Surplus (Total Lines 31 to 35, Less 36) (including \$.....0 in Separate Accounts Statement)	65,045,851	103,145,570
38. Totals of Lines 29, 30 and 37	68,100,142	106,199,861
39. Totals of Lines 28 and 38	2,103,722,130	1,988,891,653
DETAILS OF WRITE-INS		
2501.		
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)		
3101.		
3102.		
3103.		
3198. Summary of remaining write-ins for Line 31 from overflow page		
3199. TOTALS (Lines 3101 through 3103 plus 3198) (Line 31 above)		
3401.		
3402.		
3403.		
3498. Summary of remaining write-ins for Line 34 from overflow page		
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above)		

SUMMARY OF OPERATIONS

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
1. Premiums and annuity considerations for life and accident and health contracts	17,775,055	24,735,298	30,232,158
2. Considerations for supplementary contracts with life contingencies	1,128,652	1,003,371	2,017,179
3. Net investment income	76,041,371	78,438,712	98,885,387
4. Amortization of Interest Maintenance Reserve (IMR)	(77,367)	253,455	1,120,104
5. Separate Accounts net gain from operations excluding unrealized gains or losses			
6. Commissions and expense allowances on reinsurance ceded	48,477	8,973	207,070
7. Reserve adjustments on reinsurance ceded			
8. Miscellaneous income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts			
8.2 Charges and fees for deposit-type contracts			
8.3 Aggregate write-ins for miscellaneous income	35,243	1,161	1,161
9. Totals (Lines 1 to 8.3)	93,951,432	102,440,969	132,563,058
10. Death benefits	2,300	(35,871)	(28,201)
11. Matured endowments (excluding guaranteed annual pure endowments)		800	800
12. Annuity benefits	32,395,765	29,572,573	40,659,917
13. Disability benefits and benefits under accident and health contracts	19,953	2,809	26,634
14. Coupons, guaranteed annual pure endowments and similar benefits			
15. Surrender benefits and withdrawals for life contracts	92,520,193	113,325,878	151,192,378
16. Group conversions			
17. Interest and adjustments on contract or deposit-type contract funds	15,031,102	17,125,676	26,542,876
18. Payments on supplementary contracts with life contingencies	1,313,434	1,205,517	1,601,308
19. Increase in aggregate reserves for life and accident and health contracts	(82,677,699)	(86,738,953)	(124,020,936)
20. TOTALS (Lines 10 to 19)	58,605,048	74,458,427	95,974,778
21. Commissions on premiums, annuity considerations, and deposit type contract funds (direct business only)	13,559,776	7,379,202	10,066,164
22. Commissions and expense allowances on reinsurance assumed	890	991	1,300
23. General insurance expenses	9,977,645	9,473,949	12,356,067
24. Insurance taxes, licenses and fees, excluding federal income taxes	401,320	639,450	621,370
25. Increase in loading on deferred and uncollected premiums		(852)	(852)
26. Net transfers to or (from) Separate Accounts, net of reinsurance			
27. Aggregate write-ins for deductions		42,976	42,976
28. Totals (Lines 20 to 27)	82,544,679	91,894,143	119,061,803
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	11,406,753	10,446,826	13,501,256
30. Dividends to policyholders			
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	11,406,753	10,446,826	13,501,256
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	3,515,000	2,260,000	1,945,000
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	7,891,753	8,186,826	11,556,256
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$.....0 (excluding taxes of \$.....0 transferred to the IMR)	(60,046,602)		(3,881,489)
35. Net income (Line 33 plus Line 34)	(52,154,849)	8,186,826	7,674,767
CAPITAL AND SURPLUS ACCOUNT			
36. Capital and surplus, December 31, prior year	106,199,859	92,465,708	92,465,709
37. Net income (Line 35)	(52,154,849)	8,186,826	7,674,767
38. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0	(7,151,396)	60,221	(4,315,789)
39. Change in net unrealized foreign exchange capital gain (loss)			
40. Change in net deferred income tax	2,246,000	9,328,000	11,473,000
41. Change in nonadmitted assets	(2,210,232)	(9,997,061)	(11,914,348)
42. Change in liability for reinsurance in unauthorized companies			
43. Change in reserve on account of change in valuation basis, (increase) or decrease			
44. Change in asset valuation reserve	3,170,759	(1,497,589)	4,636,521
45. Change in treasury stock			
46. Surplus (contributed to) withdrawn from Separate Accounts during period			
47. Other changes in surplus in Separate Accounts Statement			
48. Change in surplus notes			
49. Cumulative effect of changes in accounting principles			
50. Capital changes:			
50.1 Paid in		200,757	200,757
50.2 Transferred from surplus (Stock Dividend)			
50.3 Transferred to surplus			
51. Surplus adjustment:			
51.1 Paid in	18,000,000	5,979,243	5,979,243
51.2 Transferred to capital (Stock Dividend)			
51.3 Transferred from capital			
51.4 Change in surplus as a result of reinsurance			
52. Dividends to stockholders			
53. Aggregate write-ins for gains and losses in surplus			
54. Net change in capital and surplus (Lines 37 through 53)	(38,099,718)	12,260,397	13,734,161
55. Capital and surplus as of statement date (Lines 36 + 54)	68,100,141	104,726,105	106,199,859
DETAILS OF WRITE-INS			
08.301. Miscellaneous income	35,243	1,161	1,161
08.302.			
08.303.			
08.398. Summary of remaining write-ins for Line 8.3 from overflow page			
08.399. TOTALS (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above)	35,243	1,161	1,161
27.01. Miscellaneous deductions		42,976	42,976
27.02.			
27.03.			
27.98. Summary of remaining write-ins for Line 27 from overflow page			
27.99. TOTALS (Lines 27.01 through 27.03 plus 27.98) (Line 27 above)		42,976	42,976
53.01.			
53.02.			
53.03.			
53.98. Summary of remaining write-ins for Line 53 from overflow page			
53.99. TOTALS (Lines 53.01 through 53.03 plus 53.98) (Line 53 above)			

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance	18,713,946	32,308,733
2. Net investment income	75,525,825	106,494,907
3. Miscellaneous income	83,721	1,323,287
4. Total (Lines 1 to 3)	94,323,492	140,126,926
5. Benefit and loss related payments	141,015,312	220,196,965
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	23,515,452	23,190,885
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)	2,744,075	3,145,000
10. Total (Lines 5 through 9)	167,274,840	246,531,850
11. Net cash from operations (Line 4 minus Line 10)	(72,951,347)	(106,404,924)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	505,793,150	1,319,540,030
12.2 Stocks	12,867,997	5,881,600
12.3 Mortgage loans	4,488	123,425
12.4 Real estate		
12.5 Other invested assets	2,985,000	2,110,720
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		2,599,311
12.7 Miscellaneous proceeds	53,715,158	1,348,091
12.8 Total investment proceeds (Lines 12.1 to 12.7)	575,365,793	1,331,603,177
13. Cost of investments acquired (long-term only):		
13.1 Bonds	582,304,149	1,629,701,990
13.2 Stocks	23,587,510	70,934,920
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets	7,607,500	
13.6 Miscellaneous applications	48,029,084	4,791,903
13.7 Total investments acquired (Lines 13.1 to 13.6)	661,528,243	1,705,428,813
14. Net increase (or decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Lines 13.7 and 14)	(86,162,450)	(373,825,636)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock	18,000,000	6,180,000
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities	223,779,359	461,081,121
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	7,890,476	1,882,195
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)	249,669,835	469,143,316
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	90,556,038	(11,087,243)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	34,295,800	45,383,042
19.2 End of period (Line 18 plus Line 19.1)	124,851,838	34,295,800

Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

	Description	Amount 1	Amount 2
20.0001			

LIST OF SUBPRIME SECURITIES AS OF September 30, 2008

		2007 Adjustment to Book Value		2008 Adjustment to Book Value																			
Type	Cusip	Asset Description	Par Value	Fair Value	Carrying Value	MOODY	S&P	FITCH	DBRS	NAIC	Vintage												
ABS w/ Subprime	004375CJ8	ACCREDITED MORTGAGE SECURITIES	2,328,281	1,947,957	2,351,297	A3	A	A	BBBH	1	2004												
ABS w/ Subprime	03072SKQ7	AMERIQUEST MORTGAGE SECURITIES	10,508,377	9,700,969	10,277,734	Aaa	AAA	AAA		1	2003												
ABS w/ Subprime	07325NDA7	BAYVIEW FINANCIAL ACQUISITION	5,000,000	3,660,261	5,014,165	A2	A	A		1	2005												
ABS w/ Subprime	128673PQ9	COUNTRYWIDE	7,199,000	5,957,103	7,228,560	Aa3	AA	AA	A	1	2004												
ABS w/ Subprime	128673ZU9	CWABS	4,896,707	4,458,354	4,842,360	Aaa	AAA	AAA		1	2005												
ABS w/ Subprime	161546GL4	CHASE FUNDING MTG ABC 2003-5	540,110	481,613	542,338	Aaa	AAA	AAA		1	2003												
ABS w/ Subprime	161546HB5	CFAB 2003-6 1A6	889,445	831,625	889,771	Aaa	AAA	AAA		1	2003												
ABS w/ Subprime	17307G4L9	CITIGROUP MTGE LOAN TRUST	13,000,000	9,134,800	13,028,173	Aaa	AAA	AAA		1	2006												
ABS w/ Subprime	17309TAD0	CITIGROUP MORTGAGE LOAN TRUST	9,000,000	5,684,164	8,976,440	A2	B	B	A	1	2006												
ABS w/ Subprime	337925BZ3	FPLUS 97-3 A8	12,092	12,079	12,092		AAA	AAA		1	1997												
ABS w/ Subprime	337925CN9	FPLUS 97-4 M1	24,300	24,083	24,300		AA	AA		1	1997												
ABS w/ Subprime	464126CS8	IRWIN HOME EQUITY	4,050,502	3,222,471	4,018,793	A2	AAA	AAA		1	2005												
ABS w/ Subprime	525221CL9	LEHMAN XS TRUST	5,000,000	2,849,576	4,997,234	A1	AAA	AAA		1	2005												
ABS w/ Subprime	58549NA41	MID-STATE TRUST VI A-1	995,519	933,938	1,003,567	Aaa	AAA	AAA		1	1997												
ABS w/ Subprime	84352VEF4	NEW CENTURY HEL TR	1,519,273	1,387,032	1,518,669	Aaa	AAA	AAA		1	2003												
ABS w/ Subprime	76110WD60	RESIDENTIAL ASSET SECURITIES	1,195,065	1,092,488	1,202,446	A2	A+	A+		1	2004												
ABS w/ Subprime	83611MMH3	SOUNDVIEW HOME EQUITY LOAN	7,000,000	6,796,415	7,000,000	Aaa	AA	AA	AAH	1	2005												
ABS w/ Subprime	040104HQ7	ARGENT SECURITIES	1,883,790	1,491,040	1,883,911	Baa1	BBB+	BBB+		2	2004												
ABS w/ Subprime	225458JF6	CSFB HEMT	4,300,000	3,978,748	4,390,000	Baa2				2	2005												
ABS w/ Subprime	00252FBD2	AAMES MORTGAGE INV	9,000,000	7,465,481	9,022,704	Ba2	A+	A+		3	2005												
ABS w/ Subprime	03072SPP4	AMERIQUEST MORTGAGE SECURITIES	2,676,731	2,205,727	2,678,946	Ba3	BB+	BB+		3	2004												
ABS w/ Subprime	03072SZP3	AMERIQUEST MORTGAGE SECURITIES	5,642,900	4,989,031	5,596,008	Ba2	BBB-	BBB-		3	2004												
ABS w/ Subprime	17307GVR6	CITIGROUP MTGE LOAN TRUST	4,493,000	2,411,013	4,504,094	B3	BBB	BBB	BBL	3	2005												
ABS w/ Subprime	61749KAF0	MORGAN STANLEY ABS CAPITAL	13,000,000	10,528,717	12,986,484	Ba3	B	B		3	2006												
ABS w/ Subprime	542514DX9	LONG BEACH MORTGAGE LOAN TRUST	611,579	531,141	613,509	Ba1	CCC	CCC		4	2003												
ABS w/ Subprime	61746RCQ8	MORGAN STANLEY ABS CAPITAL I	1,489,649	1,211,117	1,500,583	Caa1	CCC	CCC		5	2004												
ABS w/ Subprime	76110WSS8	RESIDENTIAL ASSET SECURITIES	82,953	43,216	82,953	B2	CCC	CCC		5	2003												
ABS w/ Subprime	881561PD0	TERWIN MTG TST	1,563,965	1,122,077	1,578,449	NR	CCC	CCC		5	2004												
ABS w/ Subprime	03072SD36	AMERIQUEST MORTGAGE SECURITIES	(2,583,553)	(2,583,553)						6	2005												
ABS w/ Subprime	617451DZ9	MORGAN STANLEY CAPITAL 1	(1,380,546)	(1,380,546)						6	2006												
ABS w/ Subprime	76110WZB2	RESIDENTIAL ASSET SECURITIES	(1,384,576)	(1,384,576)						6	2006												
ABS w/ Subprime	86358ELJ3	STRUCTURED ASSET INVESTMENT	(4,311,575)	(3,188,585)	4,117,276		CCC	CCC		8	2005												
			(4,311,575)	(3,188,585)	305,994		CC	CC		6	2005												
			144,727,228	108,808,307	130,289,410																		
			27,845,244	4,012,467	6,441,370																		
CDO w/ Subprime	85233FAC0	STAK LTD 2005-1A CDO	5,000,000	2,565,500	5,015,599		BBB+	BBB+		2	2005												
CDO w/ Subprime	193067AD7	COLDWATER CDO, LTD 06-1 CL B	5,124,174	8,711	8,711	C	CC	CC		6	2006												
CDO w/ Subprime	26441NAD3	DUKE FUNDING LTD 2006-10A CL A3	2,400,000	788,160	788,160	Ca	CC	CC		6	2006												
CDO w/ Subprime	40431EAG9	HSPI DIVERSIFIED CDO FUND LTD	6,218,232	39,797	18,600	C	CC	CC		6	2006												
CDO w/ Subprime	53056NAD3	LIBERTY HARBOUR II 07-2AC 144A CDO	5,102,838	610,299	610,299	C	CC	CC		6	2007												
CDO w/ Subprime	89608KAF3	TRICADIA CDO LTD.	(40,126)	-	-	NR	D	D		6	2007												
			(3,881,469)	(16,931,461)	4,012,467																		
			27,845,244	4,012,467	6,441,370																		
			172,572,472	110,820,774	136,730,780																		
			(6,193,044)	(25,468,721)																			

Standard Life Insurance Company of Indiana
RISK-BASED CAPITAL LEVEL OF ACTION
(Including Tax Sensitivity Test)

Cocode: 69051

		(1)
		RBC Amount
(1)	Total Adjusted Capital - REPORT AMOUNT IN FIVE-YEAR HISTORICAL DATA PAGE 23 COLUMN 1 LINE 30	\$68,309,862
Trigger Points for Level of Regulatory Action:		
(2)	Company Action Level = 200% of Authorized Control Level Risk-Based Capital	
(3)	Regulatory Action Level = 150% of Authorized Control Level Risk-Based Capital	\$38,502,898
(4)	Authorized Control Level Risk-Based Capital - REPORT AMOUNT IN FIVE-YEAR HISTORICAL DATA PAGE 23 COLUMN 1 LINE 31	\$28,877,174
(5)	Mandatory Control Level = 70% of Authorized Control Level Risk-Based Capital	\$19,251,449
(6)	Level of Action†:	\$13,476,014
		None
		RBC Ratio 1.774148585
(7)	Tax Sensitivity Test: Total Adjusted Capital	\$65,849,862
(8)	Tax Sensitivity Test: Company Action Level = 200% of Authorized Control Level Risk-Based Capital	\$55,107,542
(9)	Tax Sensitivity Test: Regulatory Action Level = 150% of Authorized Control Level Risk-Based Capital	\$41,330,657
(10)	Tax Sensitivity Test: Authorized Control Level Risk-Based Capital	\$27,553,771
(11)	Tax Sensitivity Test: Mandatory Control Level = 70% of Authorized Control Level Risk-Based Capital	\$19,287,640
(12)	Tax Sensitivity Test: Level of Action:	None

† If Total Adjusted Capital Line (1) exceeds Company Action Level Risk-Based Capital Line (2), None will be indicated (unless the Trend Test triggers Company Action Level). Otherwise, the appropriate level of action will be indicated.

LR031

10/20/2008

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets	4 Net Admitted Assets
1. Bonds (Schedule D)	1,918,077,359	0	1,918,077,359	1,792,046,079
2. Stocks (Schedule D)				
2.1 Preferred Stocks	55,972,085	0	55,972,085	71,803,296
2.2 Common Stocks	27,500,000	0	27,500,000	30,492,519
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	0		0	4,488
3.2 Other than first liens				
4. Real Estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances)	0			
4.2 Properties held for the production of income (less \$.....0 encumbrances)				
4.3 Properties held for sale (less \$.....0 encumbrances)				
5. Cash (\$.....0 Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....0 Schedule DA)	44,614,642		44,614,642	34,295,800
6. Contract loans (including \$.....0 premium notes)				
7. Other invested assets (Schedule BA)	33,683,386		33,683,386	28,861,607
8. Receivables for securities	3,994,771		3,994,771	3,068,137
9. Aggregate write-ins for invested assets	480,625		480,625	4,156,874
10. Subtotals, cash and invested assets (Lines 1 to 9)	2,084,322,868	0	2,084,322,868	1,964,728,800
11. Title plants less \$.....0 charged off (for Title Insurers only)				
12. Investment income due and accrued	21,337,201	0	21,337,201	18,852,092
13. Premiums and considerations				
13.1 Uncollected premiums and agents' balances in the course of collection	164,316	76,214	88,101	22,012
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums)				
13.3 Accrued retrospective premiums				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	62,275	0	62,275	88,641
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts	155,254	0	155,254	377,469
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon	1,116,050		1,116,050	1,221,060
16.2 Net deferred tax asset	31,279,000	28,789,000	2,490,000	2,290,000
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software				
19. Furniture and equipment, including health care delivery assets (\$... N/A)				
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	1,470,216	0	1,470,216	1,028,956
22. Health care (\$... N/A) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	344,603		344,603	282,622
24. Total assets excluding Separate Accounts, Segregated accounts and Protected Cell Accounts (Lines 10 to 23)	2,140,251,783	28,865,214	2,111,386,568	1,988,891,652
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total Assets (Lines 24 and 25)	2,140,251,783	28,865,214	2,111,386,568	1,988,891,652
DETAILS OF WRITE-INS				
0801. S & P and DJIA Index Options	480,625		480,625	4,156,874
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)	480,625	0	480,625	4,156,874
2301. Other Amounts Receivables	344,603		344,603	282,622
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	344,603	0	344,603	282,622

EXHIBIT

B

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Aggregate reserve for life contracts \$ (Exhibit 5, Line 9999999 less \$ Modco Reserve) included in Line 6.3 (including \$ Modco Reserve)	789,197,017	878,003,456
2. Aggregate reserve for accident and health contracts (Exhibit 6, Line 17, Column 1) (including \$ Modco Reserve)	74,701	88,462
3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$ Modco Reserve)	1,243,695,683	993,232,494
4. Contract Claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Column 1 less sum of Columns 9, 10, and 11)	210,000	210,000
4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Columns 9, 10, and 11)	2,500	2,500
5. Policyholders' dividends \$ and coupons \$ due and unpaid (Exhibit 4, Line 10)		
6. Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:		
6.1 Dividends apportioned for payment (including \$ Modco)		
6.2 Dividends not yet apportioned (including \$ Modco)		
6.3 Coupons and similar benefits (including \$ Modco)		
7. Amount provisionally held for deferred dividend policies not included in Line 6		
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$ discount; including \$ accident and health premiums (Exhibit 1, Part 1, Column 1, sum of lines 4 and 14)		
9. Contract liabilities not included elsewhere		
9.1 Surrender values on canceled contracts		
9.2 Provision for experience rating refunds, including \$ A & H experience rating refunds		
9.3 Other amounts payable on reinsurance; including \$ assumed and \$ ceded	572	1,309
9.4 Interest Maintenance Reserve (IMR, Line 6)	1,544,623	2,222,525
10. Commissions to agents due or accrued-life and annuity contracts \$ accident and health \$ and deposit-type contract funds \$	1,647,518	903,019
11. Commissions and expense allowances payable on reinsurance assumed		
12. General expenses due or accrued (Exhibit 2, Line 12, Column 6)	291,912	475,454
13. Transfers to Separate Accounts due or accrued (net) (including \$ accrued for expense allowances recognized in reserves, net of reinsured allowances)		
14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 5)	73,818	73,818
15.1 Current federal and foreign income taxes, including \$ on realized capital gains (losses)	810,925	
15.2 Net deferred tax liability		
16. Unearned investment income		
17. Amounts withheld or retained by company as agent or trustee	7,368,184	2,915,733
18. Amounts held for agents' account, including \$ agents' credit balances		
19. Remittances and items not allocated	4,668,040	1,176,782
20. Net adjustment in assets and liabilities due to foreign exchange rates		
21. Liability for benefits for employees and agents if not included above		
22. Borrowed money \$ and interest thereon \$		
23. Dividends to stockholders declared and unpaid		
24. Miscellaneous liabilities:		
24.1. Asset Valuation Reserve (AVR, Line 18, Column 7)	211,184	3,380,480
24.2. Reinsurance in unauthorized companies		
24.3. Funds held under reinsurance treaties with unauthorized reinsurers		
24.4. Payable to parent, subsidiaries and affiliates	0	5,760
24.5. Drafts outstanding		
24.6. Liability for amounts held under uninsured plans		
24.7. Funds held under coinsurance		
24.8. Payable for securities	0	0
24.9. Capital notes \$ and interest thereon \$	0	0
25. Aggregate write-ins for liabilities		
26. Total Liabilities excluding Separate Accounts business (Lines 1 to 25)	2,049,796,656	1,882,891,792
27. From Separate Accounts Statement		
28. TOTAL LIABILITIES (Lines 26 and 27)	2,049,796,656	1,882,891,792
29. Common capital stock	3,054,291	3,054,291
30. Preferred capital stock		
31. Aggregate write-ins for other than special surplus funds	0	0
32. Surplus Notes	27,000,000	27,000,000
33. Gross paid in and contributed surplus (Page 3, Line 33, Columns 2 plus Page 4, Line 51.1, Column 1)	60,003,856	42,003,856
34. Aggregate write-ins for special surplus funds		
35. Unassigned funds (surplus)	(28,468,235)	34,141,713
36. Less treasury stock, at cost:		
36.1. shares common (value included in Line 29 \$)		
36.2. shares preferred (value included in Line 30 \$)		
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$ In Separate Accounts Statement)	58,536,621	103,145,569
38. TOTALS of Lines 28, 30 and 37 (Page 4, Line 65)	81,589,912	106,199,860
39. TOTALS of Lines 28 and 38 (Page 2, Line 26, Column 3)	2,111,386,568	1,988,891,652
DETAILS OF WRITE-INS		
2501. Escheat funds		
2502. Net premium payable for reinsurance ceded		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0
3101.		
3102.		
3103.		
3198. Summary of remaining write-ins for Line 31 from overflow page		
3199. TOTALS (Lines 3101 through 3103 plus 3198) (Line 31 above)	0	0
3401.		
3401.		
3403.		
3498. Summary of remaining write-ins for Line 31 from overflow page		
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0

SUMMARY OF OPERATIONS

	1 Current Year To Date	2 September 30, 2008	3 Prior Year Ended December 31
1. Premiums and annuity considerations for life and accident and health contracts (Exhibit 1, Part 1, Line 20.4, Col. 1, less Col. 11)	22,256,264	17,776,055	30,232,158
2. Considerations for supplementary contracts with life contingencies	1,128,652	1,128,652	2,017,179
3. Net investment income (Exhibit of Net Investment Income Line 17)	84,406,353	75,041,371	98,985,387
4. Amortization of Interest Maintenance Reserve (IMR, Line 5)	(78,886)	(77,387)	1,120,104
5. Separate Accounts net gain from operations excluding unrealized gains or losses			
6. Commissions and expense allowances on reinsurance ceded (Exhibit 1, Part 2, Line 28.1, Column 1)	49,201	48,477	207,070
7. Reserve adjustments on reinsurance ceded			
8. Miscellaneous income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts			
8.2 Charges and fees for deposit-type contracts			
8.3 Aggregate write-ins for miscellaneous income			
9. Totals (Lines 1 to 8.3)	37,731	35,243	1,161
10. Death benefits	107,799,315	93,951,432	132,563,059
11. Matured endowments (excluding guaranteed annual pure endowments)	3,100	2,300	(28,201)
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Columns 4 + 8)	800	0	800
13. Disability benefits and benefits under accident and health contracts	34,939,267	32,205,307	40,659,917
14. Coupons, guaranteed annual pure endowments and similar benefits	21,892	19,953	26,634
15. Surrender benefits and other fund withdrawals for life contracts	105,926,418	92,520,193	151,192,378
16. Group conversions			
17. Interest and adjustments on contract or deposit-type contract funds	14,902,773	15,031,102	26,542,876
18. Payments on supplementary contracts with life contingencies	1,485,589	1,313,434	1,801,308
19. Increase in aggregate reserves for life and accident and health contracts	(88,820,200)	(82,487,241)	(124,020,936)
20. Totals (Lines 10 to 19)	68,439,739	58,605,048	95,974,776
21. Commissions on premiums, annuity considerations, and deposit type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Column 1)	15,639,639	13,559,776	10,066,164
22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Column 1)	890	890	1,300
23. General insurance expenses (Exhibit 2, Line 10, Columns 1, 2, 3 and 4)	11,306,668	9,977,645	12,358,067
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Columns 1+2+3)	601,172	401,320	621,370
25. Increase in loading on deferred and uncollected premiums			(852)
26. Net transfers to or (from) Separate Accounts net of reinsurance	0	0	42,978
27. Aggregate write-ins for deductions			
28. Totals (Lines 20 to 27)	95,986,107	82,544,679	119,061,801
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	11,811,208	11,406,753	13,501,258
30. Dividends to policyholders			
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	11,811,208	11,406,753	13,501,258
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	3,660,000	3,515,000	1,945,000
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	8,151,207	7,891,753	11,556,258
34. Net realized capital gains (losses) (excluding gains (losses) transferred to IMR) less capital gains tax of \$.....0 (excluding taxes of \$.....0 transferred to the IMR)	(64,065,986)	(60,046,602)	(3,881,489)
35. Net income (Line 33 plus Line 34)	(55,914,778)	(52,154,849)	7,674,769
CAPITAL AND SURPLUS ACCOUNT			
36. Capital and surplus, December 31, prior year (Page 3, Line 38, Column 2)	106,199,881	106,199,881	92,465,709
37. Net income (Line 35)	(55,914,778)	(52,154,849)	7,674,769
38. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0	(9,991,414)	(7,151,386)	(4,315,789)
39. Change in net unrealized foreign exchange capital gains (loss)			
40. Change in net deferred income tax	17,046,000	2,246,000	11,473,000
41. Change in nonadmitted assets and related items	(16,919,070)	(2,210,232)	(11,914,348)
42. Change in liability for reinsurance in unauthorized companies			
43. Change in reserve on account of change in valuation basis, (increase) or decrease (Exhibit 5A, Line 9999999, Col. 4)			
44. Change in asset valuation reserve			
45. Change in treasury stock (Page 3, Lines 36.1 and 36.2 Column 2 minus Column 1)	3,169,315	3,170,769	4,638,521
46. Surplus (contributed to) withdrawn from Separate Accounts Statement			
47. Other changes in surplus in Separate Accounts Statement			
48. Change in surplus notes			
49. Cumulative effect of changes in accounting principles			
50. Capital changes:			
50.1 Paid in			200,757
50.2 Transferred from surplus (Stock Dividend)			
50.3 Transferred to surplus			
51. Surplus adjustment:			
51.1 Paid in	18,000,000	18,000,000	5,979,243
51.2 Transferred from surplus (Stock Dividend)			
51.3 Transferred from capital			
51.4 Change in surplus as a result of reinsurance			
52. Dividends to stockholders	0	0	0
53. Aggregate write-ins for gains and losses in surplus			
54. Net change in capital and surplus for the year (Lines 37 through 53)	(44,609,948)	(38,099,718)	13,734,153
55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38)	61,589,913	68,100,142	106,199,862
DETAILS OF WRITE-INS			
08.301. Miscellaneous income	37,731	35,243	1,161
08.302.			
08.303.			
08.398. Summary of remaining write-ins for Line 8.3 from overflow page			
08.399. TOTALS (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above)	37,731	35,243	1,161
2701. Miscellaneous deductions	0	0	42,978
2702.			
2703.			
2798. Summary of remaining write-ins for Line 31 from overflow page			
2799. TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above)	0	0	42,978
5301.			
5302.			
5303.			
5398. Summary of remaining write-ins for Line 31 from overflow page			
5399. TOTALS (Lines 5301 through 5303 plus 5398) (Line 53 above)	0	0	0

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	23,246,756	32,308,733
2. Net investment income	85,160,295	106,494,907
3. Miscellaneous income	86,932	1,323,287
4. Total (lines 1 through 3)	108,492,983	140,126,928
5. Benefit and loss related payments	157,234,309	220,195,965
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	28,765,196	23,190,885
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) ...\$N/A net tax on capital gain (losses)	3,554,990	3,145,000
10. Total (Lines 5 through 9)	187,554,496	246,531,850
11. Net cash from operations (Line 4 minus Line 10)	(79,061,513)	(106,404,922)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	559,071,061	1,319,540,030
12.2 Stocks	12,867,997	5,881,600
12.3 Mortgage loans	4,488	123,425
12.4 Real estate	0	0
12.5 Other invested assets	2,985,000	2,110,720
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	2,599,311
12.7 Miscellaneous proceeds	66,550,289	1,348,091
12.8 Total investment proceeds (Items 12.1 to 12.7)	641,478,835	1,331,803,177
13. Cost of investments acquired (long-term only):		
13.1 Bonds	731,181,431	1,629,701,990
13.2 Stocks	23,587,510	70,934,920
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	7,607,500	0
13.6 Miscellaneous applications	65,619,935	4,791,903
13.7 Total investments acquired (Lines 13.1 to 13.6)	827,996,376	1,705,428,813
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Lines 13.7 and 14)	(186,517,541)	(373,825,636)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	18,000,000	6,180,000
16.3 Borrowed funds received	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	250,463,189	461,081,121
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	7,434,708	1,882,195
17. Net cash from financing and miscellaneous sources (Lines 16.1 thru 16.4 minus Lines 16.5 and 16.6)	275,897,896	469,143,316
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Lines 15 and 17)	10,318,842	(11,087,242)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	34,295,800	45,383,042
19.2 End of year (Line 18 plus Line 19.1)	44,614,642	34,295,800

Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001.			
----------	--	--	--

[illegible]

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE STAT-SLIC D Part 1

SCHEDULE D - PART 1

See the annual statement instructions for proper reporting format. For multiple entries, use the same entry number.

 Run Date: 11/20/2008
 Run Time: 06:58:18
 Report Date: 10/21/2008
 Page: 2

Supplemental columns for data concerning Amortization.

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
CDIS Incl- sion	Description	For- eign	Dom CDIS		MIC Desig- nation	Actual Cost	Rate Used to Deter- mine Fair Value	Fair Value	Per Value	Book/Adjusted Carrying Value	Unrealized Valuation Increase/ Decrease (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in U.S. C.V.	Rate of Effective Rate of	Effective Rate of	New Paid	Added/ Amount Due & Accrued	Open Asset During Year	Acquired	Maturity
312000-01-5	Total United States Special Income & Reserves Issuer Obligations (10)					65,647,856		64,119,238	65,648,870	65,635,857		(3,631)						307,135	301,361		
312000-01-5	United States					65,647,856		64,119,238	65,648,870	65,635,857		(3,631)						307,135	301,361		
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004
312000-01-5	FARMER ME					171,033	103	154,654	150,000	153,677		(3,404)						1,270	1,768	9,934	06/17/2004

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE STAT-SLIC D Part 1

SCHEDULE D - PART 1

Run Date: 11/20/2008
Run Time: 08:56:18
Report Date: 10/31/2008
Page: 3

Supplemental columns for data concerning Amortization.

Showing all Long-Term BONDS Dated December 31 of Current Year

See the annual statement Instructions for proper reporting format. For amortization material in this schedule.

1		2		3			4		5		6		7		8		9		10		11		12				13				14				15				16				17				18				19				20				21				22																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
CRSP Identification		Description		Codes		Bond		Foreign		CHK		MNC		Designation		Actual Cost		Fair Value		Per Value		Book/Adjusted Carrying Value		Unrealized				Current Year's				Current Year's				Total Foreign				Rate of				Effective				New				Admitted				Gross				Maturity																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																											

See the annual subject instructions for proper recording format for quantities recorded in this schedule.

[illegible]

[illegible]

[illegible]

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE STAT-SLIC D Part 1

SCHEDULE D - PART 1

See the annual statement instructions for proper reporting format. For amounts reported in this schedule.

Showing all Long-Term BONDS Owned December 31 of Current Year

Supplemental columns for data concerning Amortization.

Run Date: 11/20/2008
Run Time: 02:56:13
Report Date: 10/31/2008
Page: 7

1 CUSIP Identification	2 Description	3 Codes		6 NAIC Designation	7 Actual Cost	8 Fair Value		10 Per Value	11 Book/Adjusted Carrying Value	12 Changes in Book/ Adjusted Carrying Value					Interest					Dates	
		4 For- eign	5 Bond CUSIP			9 Fair Value	13 Current Year's (Amortization)/ Accretion			14 Current Year's Other Than Temporary Impairment Recognized	15 Total Foreign Exchange Change in S/A.C.V.	16 Rate of Effective Rate of	17 Effective Date of	18 New Paid	19 Added Amort. & Accrued	20 Gross Amort. During Year	21 Acquired	22 Maturity			
110122-AC-2	BELTONE WIRELESS COMM. SER. B			17E	2,245,440	92	1,835,740	2,000,000	2,245,440			(15,770)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12485-AM-1	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12597-AM-2	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000			(120,000)			5.75	5.130	FA	34,375	117,500	03/22/2009	08/01/2016
12617-AM-4	CSX CORP. CLASS B			27E	2,000,000	94	1,880,000	2,000,000	2,000,000		</										

Supplemental columns for data concerning Advertising.

and the annual national contracting for image recording for national in this estimate

[illegible]

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE STAT SLIC D PART 1

SCHEDULE D - PART 1

See the annual statement supplement for more reporting items for securities reported in this schedule.

Showing all Long-Term Bonds Issued December 31 of Current Year

Supplemental columns for data concerning Amortization.

Run Date: 11/20/2008
Run Time: 08:58:18
Report Date: 10/31/2008
Page: 9

1 CUSIP Identification	2 Description	3 Codes		6 MTC Designation	7 Actual Cost	8 Fair Value		10 Per Value	11 Book/Adjusted Carrying Value	Change in Book/ Adjusted Carrying Value					Interest					Dates	
		4 For- eign	5 Bond ORR			8 Rate Used to Determine Fair Value	9 Fair Value			12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's (Amortization)/ Accretion	14 Current Year's Temporary Increase/Decrease Not Reported	15 Total Foreign Exchange Change in B/L C.V.	16 Date of Effective Rate of	17 Rate Paid	18 Accrued & Accrued	19 Over- Accrued During Year	20 Acquired	21 Maturity	22	
66302Z-AZ-7	AMER CORP				4,932,300	100	4,932,300	5,000,000	4,932,300		(6,783)			4.93%	4.93%	11,000	16,775	10/24/2008	04/15/2011		
66302Z-AZ-7	AMER CORP				2,541,117	96	2,541,117	2,600,000	2,541,117		(5,883)			4.93%	4.93%	11,000	16,775	10/24/2008	04/15/2011		
66302Z-AZ-7	AMER CORP				5,130,735	96	5,130,735	5,200,000	5,130,735		(6,265)			4.93%	4.93%	11,000	16,775	10/24/2008	04/15/2011		
66302Z-AZ-7	AMER CORP				5,968,820	91	5,968,820	6,000,000	5,968,820		(3,180)			4.93%	4.93%	11,000	16,775	10/24/2008	04/15/2011		
66302Z-AZ-7	AMER CORP				8,025,840	91	8,025,840	7,000,000	8,025,840		10,240			5.00%	5.07%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				5,202,250	108	5,202,250	5,000,000	5,202,250		202,250			5.12%	5.12%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/12/2008	04/08/2011		
66302Z-AZ-7	AMER CORP				3,025,000	97	3,025,000	3,000,000	3,025,000		25,000			5.00%	5.00%	10	28,157	02/td			

LIST OF SUBPRIME SECURITIES AS OF October 31, 2008

Type	Cusip	Asset Description	2007	2008	Adjustment to Book Value	Par Value	Fair Value	Carrying Value	MOODY	S&P	FITCH	DBRS	NAC	Vintage
ABS with Subprime	004375CJ8	ACCREDITED MORTGAGE SECURITIES				2,328,281	1,722,798	2,350,987	A3	A	AAA	BBB+	1	2004
ABS with Subprime	03072SKQ7	AMERIQUEST MORTGAGE SECURITIES				10,443,583	9,791,390	10,215,396	Aaa	AAA	AAA	BBB+	1	2003
ABS with Subprime	0732NDAT7	BAYVIEW FINANCIAL ACQUISITION				5,000,000	3,046,847	5,014,050	A2	A	AAA		1	2005
ABS with Subprime	126673PQ9	COUNTRYWIDE				7,198,000	5,605,504	7,228,483	Aaa	AA	A		1	2004
ABS with Subprime	126673ZU9	CWABS				4,980,934	4,108,469	4,828,688	Aaa	AAA	AAA		1	2005
ABS with Subprime	161546GL4	CHASE FUNDING MTG ABC 2003-5				535,788	467,706	537,937	Aaa	AAA	AAA		1	2003
ABS with Subprime	161546HB5	CFAB 2003-5 1A6				886,729	818,234	886,025	Aaa	AAA	AAA		1	2003
ABS with Subprime	17307G4L9	CITIGROUP MTGE LOAN TRUST				13,000,000	9,227,204	13,027,788	Aaa	BB	AAA+		1	2006
ABS with Subprime	337925E23	FELUS 97-3 A8				9,777	9,768	9,777		AAA	AAA		1	1997
ABS with Subprime	337925C98	FPLUS 97-4 M1				23,815	23,791	23,815		AA	AA		1	1997
ABS with Subprime	525221CL3	LEHMAN XS TRUST				5,000,000	2,868,252	4,987,138	A1	AAA	AAA		1	2005
ABS with Subprime	59549NA41	MID-STATE TRUST VI A-1				970,782	919,399	978,569	Aaa	AAA	AAA		1	1997
ABS with Subprime	64352VEF4	NEW CENTURY HEL TR				1,514,134	1,402,330	1,513,511	Aaa	AAA	AAA		1	2003
ABS with Subprime	76110W060	RESIDENTIAL ASSET SECURITIES				1,020,624	907,504	1,026,784	A2	A+	BBB-		1	2004
ABS with Subprime	83811MHM3	SOUNDVIEW HOME EQUITY LOAN				7,000,000	6,481,801	7,000,000	B3	AA	AA+	AAH	1	2005
ABS with Subprime	040104HQ7	ARGENT SECURITIES				1,883,790	1,409,033	1,893,772	Baa1	BBB+	BBB+		2	2004
ABS with Subprime	464126CS8	IRWIN HOME EQUITY				3,856,144	2,686,517	3,826,029	Baa1	A+	A		2	2005
ABS with Subprime	00252PBD2	AMIES MORTGAGE INV				9,000,000	7,019,725	9,021,459	Ba2	A+	A		3	2005
ABS with Subprime	03072SPF4	AMERIQUEST MORTGAGE SECURITIES				2,676,731	1,910,981	2,678,887	Ba3	BB+	BBB+		3	2004
ABS with Subprime	03072SP3	AMERIQUEST MORTGAGE SECURITIES				5,942,900	4,791,663	5,996,798	Ba2	BBB-	BBB-		3	2005
ABS with Subprime	17307GVR6	CITIGROUP MTGE LOAN TRUST				4,893,000	2,373,769	4,893,000	B3	B	B	BBL	3	2004
ABS with Subprime	17307TA00	CITIGROUP MORTGAGE LOAN TRUST				9,000,000	6,115,578	9,000,000	B1	B	B	A	3	2006
ABS with Subprime	542514DX9	LONG BEACH MORTGAGE LOAN TRUST				13,000,000	8,994,532	12,958,544	Caa2	CCC	B		4	2003
ABS with Subprime	81748KAF0	MORGAN STANLEY ABS CAPITAL				1,488,649	1,116,862	1,499,979	Caa1	CCC	CCC		5	2004
ABS with Subprime	81748RQJ8	MORGAN STANLEY ABS CAPITAL I				52,953	40,430	52,953	B2	CCC	CCC		5	2003
ABS with Subprime	81156IPD0	RESIDENTIAL ASSET SECURITIES				1,563,965	1,111,659	1,578,110	NR	CCC	CCC		5	2004
ABS with Subprime	03072SD36	AMERIQUEST MORTGAGE SECURITIES				(4,073,238)	5,876,620	5,876,620	Ca	CCC	CCC		6	2005
ABS with Subprime	228459JF6	CSFB HEMT				(416,759)	3,893,241	3,893,241	C	CCC	CCC		6	2005
ABS with Subprime	617451DZ9	MORGAN STANLEY CAPITAL 1				(2,285,871)	713,129	713,129	C	CC	CC		6	2005
ABS with Subprime	76110W282	RESIDENTIAL ASSET SECURITIES				(2,062,851)	3,670,305	3,670,305	NR	CCC	CC		6	2005
ABS with Subprime	86358ELU3	STRUCTURED ASSET INVESTMENT				(4,311,575)	2,433	2,433	NR	D	C		6	2006
			(4,311,575)	(12,103,281)	144,237,227	95,533,170	127,000,693							
CDO with Subprime	85233FAC0	STAK LTD 2005-1A CDO				5,000,000	2,585,500	5,015,568		BBB+	A-		2	2005
CDO with Subprime	183067AD7	COLDWATER CDO, LTD 06-1 CL B				5,124,174	8,711	8,711	C	CC	A-		2	2006
CDO with Subprime	26441NAD3	DUKE FUNDING LTD 2006-10A CL A3				(1,837,348)	788,160	788,160	Ca	CC	C		6	2006
CDO with Subprime	4043TEAG8	HSP1 DIVERSIFIED CDO FUND LTD				(6,196,632)	39,797	18,600	C	CC			6	2006
CDO with Subprime	53056NAD3	LIBERTY HARBOUR II 07-2AC 144A CDO				(4,482,539)	610,299	610,299	C	CC			6	2007
CDO with Subprime	88608XAF3	TRICADIA CDO LTD.				(3,881,469)	4,000,000		NR	D			6	2007
			(3,881,469)	(17,485,110)	27,845,244	4,012,467	6,441,339							
			(8,193,044)	(29,588,391)	172,093,070	97,545,637	133,442,032							

Standard Life Insurance Company of Indiana
RISK-BASED CAPITAL LEVEL OF ACTION
(Including Tax Sensitivity Test)

Cocodes: 69051

		(1)	RBC Amount
		Source	
(1)	Total Adjusted Capital - REPORT AMOUNT IN FIVE-YEAR HISTORICAL DATA PAGE 23 COLUMN 1 LINE 30	LR030 Calculation of Total Adjusted Capital Column (2) Line (10)	\$61,801,076
		Trigger Points for Level of Regulatory Action:	
(2)	Company Action Level = 200% of Authorized Control Level Risk-Based Capital	2.0 times LR028 Calculation of Total Authorized Control Level Risk-Based Capital Column (1) Line (68)	\$38,865,472
(3)	Regulatory Action Level = 150% of Authorized Control Level Risk-Based Capital	1.5 times LR028 Calculation of Total Authorized Control Level Risk-Based Capital Column (1) Line (68)	\$29,149,104
(4)	Authorized Control Level Risk-Based Capital - REPORT AMOUNT IN FIVE-YEAR HISTORICAL DATA PAGE 23 COLUMN 1 LINE 31	1.0 times LR028 Calculation of Total Authorized Control Level Risk-Based Capital Column (1) Line (68)	\$19,432,736
(5)	Mandatory Control Level = 70% of Authorized Control Level Risk-Based Capital	0.7 times LR028 Calculation of Total Authorized Control Level Risk-Based Capital Column (1) Line (68)	\$13,602,915
(6)	Level of Action†:	None	
		RBC Ratio	1.590128019
		Tax Sensitivity Test	
(7)	Tax Sensitivity Test: Total Adjusted Capital	LR030 Calculation of Total Adjusted Capital Column (2) Line (15)	\$59,311,076
(8)	Tax Sensitivity Test: Company Action Level = 200% of Authorized Control Level Risk-Based Capital	2.0 times LR028 Calculation of Total Authorized Control Level Risk-Based Capital Column (1) Line (70)	\$55,606,426
(9)	Tax Sensitivity Test: Regulatory Action Level = 150% of Authorized Control Level Risk-Based Capital	1.5 times LR028 Calculation of Total Authorized Control Level Risk-Based Capital Column (1) Line (70)	\$41,704,820
(10)	Tax Sensitivity Test: Authorized Control Level Risk-Based Capital	1.0 times LR028 Calculation of Total Authorized Control Level Risk-Based Capital Column (1) Line (70)	\$27,803,213
(11)	Tax Sensitivity Test: Mandatory Control Level = 70% of Authorized Control Level Risk-Based Capital	0.7 times LR028 Calculation of Total Authorized Control Level Risk-Based Capital Column (1) Line (70)	\$19,462,249
(12)	Tax Sensitivity Test: Level of Action:	None	

† If Total Adjusted Capital Line (1) exceeds Company Action Level Risk-Based Capital Line (2), None will be indicated (unless the Trend Test triggers Company Action Level). Otherwise, the appropriate level of action will be indicated.

LR031

11/20/2008

IN THE MARION CIRCUIT COURT

CAUSE NO.

STANDARD LIFE INSURANCE COMPANY)
OF INDIANA)
Respondent.)

ORDER OF REHABILITATION

On the 18th day of December, 2008, Jim Atterholt, as the Commissioner of the Department of Insurance of the State of Indiana (“Commissioner”), filed a Verified Petition For Rehabilitation (“Rehabilitation Petition”) as against Standard Life Insurance Company of Indiana (“Standard”). Having considered the Rehabilitation Petition and being duly advised, the Court finds that the relief sought in the Rehabilitation Petition should be immediately granted.

IT IS, THEREFORE, ORDERED, ADJUDGED and DECREED that:

1. The Commissioner, including his successors in office, is hereby appointed as the Rehabilitator of Standard, pursuant to Ind. Code 27-9-3, and the Commissioner is bestowed with all authority and powers of a Rehabilitator as provided by such statutes, including but not limited to confirmation that the Rehabilitator:

- (1) has all the powers of the directors, officers, and managers of Standard, whose authority shall be suspended, except as they are re-delegated by the Rehabilitator;
- (2) may direct, manage, hire and discharge employees subject to any contract rights they may have;
- (3) may deal with the property and business of the insurer; and

EXHIBIT

C

- (4) may prosecute any action that exists in behalf of the creditors, members, policyholders or shareholders of Standard against any director or officer of Standard or any other person or entity.

2. The Rehabilitator is directed to take possession of the assets of Standard as soon as possible and to administer them under the general supervision of this Court;

3. The entry of this Order does not constitute an anticipatory breach of any contract of Standard;

4. The Rehabilitator shall provide accountings to this Court at intervals of every _____ months;

5. The Rehabilitator is authorized to employ and fix the compensation of the Special Deputies, counsel, clerks and assistants of the Rehabilitator who shall serve at the pleasure of the Rehabilitator, to pay all expenses of taking possession of Standard and other costs and expenses of the administration of this proceeding, and to pay such compensation and other costs and expenses of administration out of the funds or assets of Standard;

6. Pursuant to Ind. Code 27-9-3-4(a), all courts in Indiana before which any action or proceeding in which Standard is a party or is obligated to defend a party is pending, shall stay that action or proceeding for ninety (90) days and for any additional time as is necessary for the Rehabilitator to obtain proper representation and prepare for further proceedings;

7. The Rehabilitator is authorized and directed to take such action respecting pending litigation as he considers necessary in the interests of justice and for the protection of creditors, policyholders and the public and to immediately consider all litigation pending outside Indiana and to petition the courts having jurisdiction over that litigation for stays whenever necessary to protect Standard's estate;

8. The Court Imposes an immediate moratorium upon loan and cash surrender rights of all Standard policies and certificates of insurance, for a period of six months from the date of this Order; and

9. The Court retains jurisdiction to issue such further Orders as it may deem appropriate.

Dated: _____

JUDGE, Marion Circuit Court

Copies to:

John T. Murphy
Ice Miller LLP
One American Square
Indianapolis, IN 46282

Brian Burdick
Bart Karwath
Barnes & Thornburg LLP
11 S. Meridian St.
Indianapolis, IN 46204

Jeffrey Bailey
Dan Seitz
Bose McKinney & Evans LLP
111 Monument Circle, Suite 2700
Indianapolis, IN 46204

I/2254502.1